

## Message Text

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PAGE 01 MOSCOW 12886 230610Z

21/60

ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 SAJ-01 CIAE-00 INR-11

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1863

INFO AMCONSUL LENINGRAD

AMCONSUL MUNICH

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C O R R E C T E D C O P Y//NRD PARA FIVE.

E.O. 11652: N/A

TAGS: ETRD UR US

SUBJECT: US-SOVIET TRADE TIES IN REIVEW

PASS COMMERCE/BEWT

REF: A)MOSCOW A584, NOV. 17, 1973; B) MOSCOW 3161

1. SUMMARY: AUGUST 19 EKONOMICHESKAYA GAZETA INCLUDES FULL-PAGE ARTICLE ON BUSINESS LINKS BETWEEN US AND USSR. SIGNED BY B. RACHKOV AS "OBSERVER," ARTICLE PROVIDES GENERAL AND POSITIVE ASSESSMENT OF COMMERCIAL ACTIVITIES DURING PAST THREE YEARS, EMPHASIZING, HOWEVER, THAT ANY PRODUCTION FACILITIES CONSTRUCTED ON COMPENSATION BASIS BY U.S. FIRMS IN SOVIET UNION WILL BE WHOLLY PROPERTY OF SOVIET STATE AND THAT FOREIGN PARTICIPATION IN REVENUES AND PROFITS OR INVOLVEMENT IN ACTIVITY OF ENTERPRISES IN USSR IS "AS IS KNOWN, EXCLUDED." END SUMMARY

2. ENTITLED "DEVELOPMENT OF BUSINESS TIES," RACHKOV'S ARTICLE IS A LARGELY UP-BEAT PIECE CONCENTRATING ON POSITIVE TRENDS IN BILATERAL TRADE. OCCIDENTAL TWENTY-YEAR ECONOMIC COOPERATION AGREEMENT WITH MINISTRY OF FOREIGN TRADE SINGLED OUT FOR PARTICULARLY EXTENSIVE COVERAGE, ALTHOUGH MANY OTHER US  
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PAGE 02 MOSCOW 12886 230610Z

FIRMS ACTIVE IN SOVIET MARKET ALSO MENTIONED BY NAME.

RACHKOV ALSO THROWS IN INEVITABLE DIG AT "REACTIONARY, IMPERIALISTIC CIRCLES" IN USA WHICH ARE STRIVING TO HALT DEVELOPMENT OF US-USSR TRADE TIES. IN PARTICULAR, "EXTREME REACTIONARY FORCES OF THE PENTAGON AND MILITARY-INDUSTRIAL COMPLEX" ARE CITED AS HAVING BEEN EFFECTIVE IN DELAYING COOPERATION BETWEEN US FIRMS AND SOVIET ORGANIZATIONS IN AVIATION AND COMPUTER FIELDS.

3. STRESSING IRREVERSIBLE CHARACTER OF US-SOVIET TRADE RELATIONS, RACHKOV NOTES LATEST SUMMIT RESULTS AND, MOST RECENTLY, POSITIVE STATEMENTS BY PRESIDENT FORD AS SIGNS THAT THESE TIES ARE HEALTHY AND CONTINUING TO DEVELOP FAVORABLY.

4. OF GREATEST INTEREST IN ARTICLE ARE RACHKOV'S DEFINITIVE ASSERTIONS THAT ALL PROJECTS UNDERTAKEN IN USSR WITH FOREIGN PARTICIPATION ARE TOTALLY PROPERTY OF SOVIET STATE, WHEREAS ANY FOREIGN INVOLVEMENT IN RECEIPTS OF INCOME OR PROFITS OF ENTERPRISES WITHIN THE USSR IS EXCLUDED. HAVING RAISED THESE ISSUES IN CONTEXT OF COMPENSATION AGREEMENTS, RACHKOV DEFINES LIMIT OF FOREIGN OF COMMODITIES PRODUCED (AT WORLD PRICES) UNTIL INITIAL CREDITS AND INTEREST ARE REPAYED, FOLLOWED POSSIBLY BY STRAIGHT PURCHASES OF SUCH COMMODITIES IF DESIRED.

5. COMMENT: AS INDICATED IN REF A POLICY DEBATES HAVE BEEN TAKING PLACE WITHIN SOVIET GOVERNMENT REGARDING OPTIMAL FORM(S) COOPERATION WITH FOREIGN FIRMS SHOULD TAKE. ARTICLE BY STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY DEPUTY CHAIRMAN GVISHIANI (REF B) SEEMED TO ESPOUSE POSITION FAVORING "INTERNALIZATION" OF PRODUCTION AND FORMATION OF "INTERNATIONAL ECONOMIC COMPLEXES," AT SAME TIME IMPLYING UTILITY OF SOVIET PARTICIPATION IN SUCH COMPLEXES. IN ABSENCE OF CONCRETE KNOWLEDGE CONCERNING STATUS OF "OBSERVER" RACHKOV, EMBASSY PRESUMES THAT HE IS EITHER MERELY TAKING UP CONSERVATIVE CUDGEL AGAINST GVISHIANI POSITION OR ELSE IS PRESENTING DEFINITIVE STATEMENT CLOSING DOOR ON ANY KIND OF REAL PARTICIPATION BY FOREIGN FIRMS IN SOVIET DOMESTIC ECONOMIC ACTIVITY.

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PAGE 03 MOSCOW 12886 230610Z

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, ECONOMIC COOPERATION, TRADE AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US-SOVIET TRADE TIES IN REIVEW PASS COMMERCE/BEWT  
**TAGS:** ETRD, UR, US, EKONOMICHESKAYA GAZETA, (RACHKOV, B)  
**To:** STATE  
**Type:** TE  
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